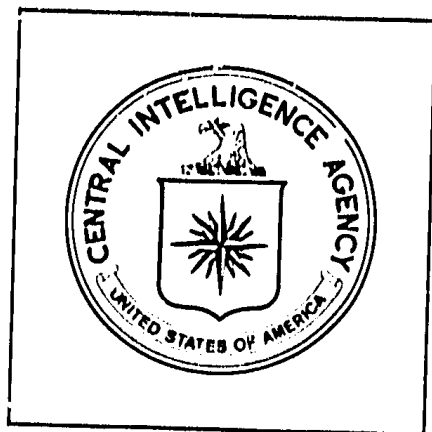


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STAFF NOTES:

Soviet Union Eastern Europe

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SOVIET UNION - EASTERN EUROPE

This publication is prepared for regional specialists in the Washington community by the USSR - Eastern Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome.

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USSR:
Far Eastern Development
Tied to Foreign Trade

An official connected with Gosplan contends in *Ekonomicheskaya Gazeta* that an important condition for the rapid development of the Soviet Far East is the creation there of export industries. The expansion of such industries, he notes, is connected with the successful implementation of the Soviet peace program. He goes on to observe that "favorable prospects are opening up for commercial ties between the Soviet Far East and the US west coast."

The author of the article, signed to press on January 27, is F. Dyakonov, head of a section in Gosplan's Council for the Study of Productive Forces. The council studies the geographical distribution of economic activity and is involved in work on the next Five Year and Fifteen Year economic plans. Many local officials in the Far East may share Dyakonov's views and see their own economic self-interest as tied to foreign trade and detente. Because of the region's extreme distance from European areas of the Soviet Union, its rapid economic growth would be more feasible if based on foreign commerce.

Dyakonov's colleagues on the Gosplan council have long been vocal supporters of preferential growth rates for the Soviet east, but their public arguments have rarely focused on the foreign trade rationale. Dyakonov writes that in the first stage the Far East will develop primarily raw materials and semi-finished products (wood, coking coal, oil, gas, pulp) for export and that more highly processed products will be exported later. According to Dyakonov, export considerations argue for the development in the region of oil and gas, ferrous and non-ferrous metallurgy, timber and pulp and paper, and

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machine building industries. He hails the Baikal-Amur Trunk Line as a future boon to the region's foreign trade and calls for the construction of oil and gas pipelines and for a new port to be built at the end of the railroad and pipelines.

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Prague: Old Solutions
for New Economic Problems

The decision of the Czechoslovak leadership to rely on shop-worn political formulas to cope with economic problems spells a temporary defeat for those forces favoring reforms.

Late last year, concern over the impact of massive price increases for raw materials, stagnating export volume, and a record hard-currency deficit sparked a debate within the leadership over economic policy. The debate apparently reached a peak at the November plenum of the Central Committee. Advocates of reform, evidently led by the Slovaks, argued for fundamental changes in economic decision making. An article by Slovak Deputy Premier Herbert Durkovic insisted that in order to improve production quality and to control rising production costs, the economy had to be opened to world market forces and production decision responsibilities given to plant managers.

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[redacted] The bulk of the leadership reportedly is satisfied with the country's economic performance, and a large hardline element, haunted by the specter of reforms in 1968, adamantly opposed changes on ideological grounds. [redacted] the hard liners effectively used the "erosion of economic stability in the West" to make their views prevail in party debates on economic reform. Moreover, given the political sensitivity of economic decision making, the Czechoslovak leaders undoubtedly feel they cannot entertain the idea of even the most cautious reforms until Moscow takes the lead.

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The Czechoslovak leadership will therefore continue to rely on the "proven" political formulas of exhortation and discipline. The youth organization, trade union movement, and particularly the party have been mobilized to uncover "hidden reserves," increase labor productivity, and ensure more efficient use of both raw materials and facilities. Party leaders have trooped to a number of regional and local party meetings to drum away at the theme of the November plenum, to exhort the party faithful, and to criticize enterprises that have not fulfilled their plan goals. And Prague has stepped up its campaign against economic crime.

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While rejecting reform, the regime has taken a clear stand on the politically sensitive issue of retail price increases by promising not to pass along the cost of inflation and raw material price rises to the consumer "as is done in capitalist countries."

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Poles Pursue US Economic Ties

On Tuesday the Polish party Politburo gave "important priority" to the expansion of economic relations with the US, according to Deputy Finance Minister Krzak, who attended the meeting. The next day the Warsaw press supported Krzak's remarks, reporting that the Politburo had approved a government statement on implementing economic and scientific-technical agreements signed during Gierek's visit to the US last fall.

A Foreign Ministry official recently said Warsaw had concluded that the disappointing lags in implementing the agreements with the US were largely the fault of Poland. He explained that personnel changes in key economic and industrial ministries have been holding up progress, but added that the Foreign Ministry is now pressing for more resolute action.

Other Polish officials have also indicated that Warsaw plans to increase its trade with the US despite Poland's ballooning hard currency debt with the West. In 1974 Poland registered a \$2.3 billion deficit, the largest in Eastern Europe. Polish Ambassador Trampczynski told a US official that Warsaw not only would increase its industrial purchases in the US this year, but also, because of bad winter weather, would be forced to buy more agricultural products.

To facilitate expanded trade contacts with the US, Poland is seeking to eliminate long-standing bilateral problems. For example, Warsaw recently agreed to redeem prewar Polish government bonds at the rate of 40 percent of face value and Danzig bonds at 35 percent of their indicated value. Bondholders in the US and Great Britain have not yet ratified this agreement.

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Abrasimov Reassigned to East Berlin

According to a Tass announcement on March 6, Petr Abrasimov has been appointed Soviet ambassador to East Berlin, a post he had occupied from 1962 to 1971. The reassignment of Abrasimov to East Berlin has the ring of a political setback, although there have been no reports that he was in political trouble in Moscow.

After an unusually short stint as ambassador to Paris, Abrasimov left the diplomatic service in 1973 to take over an unidentified Central Committee department. There has been considerable speculation that he headed the Cadres Abroad Department, but this has not been confirmed. His activities indicate that his responsibilities for foreign affairs went beyond those previously associated with the Cadres Abroad Department.

Abrasimov's comments before he left Paris to take up his party post suggested that he expected great things in Moscow. There were rumors that he would take over the International Department, headed by Ponomarev. These reports were difficult to square with Abrasimov's hints that he expected to travel to the US because the International Department, formally responsible for relations with non-ruling communist parties, has no overt connection with policy toward the US.

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Abrasimov, who has been a full member of the Central Committee since 1961, is resilient and could recover from this apparent setback. In the mid-1950s, he was removed from party work and sent to the embassy in Peking only to come back nine months later

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as ambassador to Poland. From then on, his career was on the rise; it reached a climax when he presided over the signing of the Quadripartite Agreement on Berlin.

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Czechoslovakia: Meeting of
Ideological Specialists Ends

Cuba and Mongolia, plus all members of the Warsaw Pact except Romania, sent their party secretaries for ideology, culture, and international work to a conference in Prague on March 4 and 5.

The meeting generated little publicity, but the communique issued on March 6 makes clear that it was a continuation of a similar meeting held in Moscow in December 1973. Now as then, the delegates discussed the corrosive effects of detente on Communist discipline and measures to strengthen the ruling parties. The Prague conference also took up such topical themes as commemorating the 30th anniversary of the end of World War II, and the 20th anniversary of the Warsaw Pact.

The communique described the meeting's atmosphere as "businesslike" and "comradely," suggesting less than total success. The major frustrating ingredient once again appears to have been the Romanians. Bucharest, which probably anticipated another Soviet attempt to put pressure on its representatives, delivered a calculated insult by sending two deputy section chiefs of the Central Committee instead of the appropriate party secretaries.

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Josip Broz Tito, the Perfect Patient

NIN, Yugoslavia's popular weekly news magazine, carried an unusual article last week on Tito's recent treatment at a Montenegrin spa. The article appears to be part of an effort by Belgrade to curb speculation about the 82-year-old President's health by releasing reassuring tidbits of hard information. For example, *NIN* describes Tito's joking, easygoing approach with the staff and the impression of great vitality he left on them.

While at the spa, the article says, Tito was regularly attended by an electrotherapist and a physical therapist. The spa is famous for its "slightly radioactive mud" used to treat rheumatism, sciatica, and diseases of the spine. It also has new facilities for treating heart and asthmatic complaints. Tito was treated for one of the milder ailments--probably sciatica.

Tito shows every sign that the rest and recuperation have restored some of his energy. Ignoring the recent decision that formally exempts him from protocol duties [redacted] he has received several visiting foreigners and has made a number of lengthy speeches. [redacted]

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